

Message Text

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PAGE 01 STATE 104880
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E.O. 11652: N/A

TAGS: ETEL, ITU

SUBJECT: ITU AND TECHNICAL ASSISTANCE PROGRAM

REFERENCE: (A) STATE 94337; (B) GENEVA 5667

1. REF A DESCRIBED APRIL 7 CONVERSATION BETWEEN OFFICERS AT USUN, EB/TD, AND UNDP FINANCE DIRECTOR GEORGE SADDLER REGARDING INTERNATIONAL TELECOMMUNICATION UNION'S (ITU'S) TECHNICAL ASSISTANCE PROGRAM, WHILE REF B CONTAINED US MISSION GENEVA'S COMMENTS AND REQUEST FOR DEPARTMENT'S VIEWS. OUR VIEWS, WHICH HAVE BEEN COORDINATED WITH USUN, FOLLOW.

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PAGE 02 STATE 104880

2. UNDP REIMBURSEMENT FOR ITU OVERHEAD COSTS. REF A NOTED THAT IT IS LIKELY ITU WILL NOT RPT NOT RECEIVE SUPPLEMENT IN 1978 FOR DEFICIT IT INCURRED IN 1977. WE UNDERSTAND THAT THIS IS BECAUSE ITU'S DELIVERED PROGRAM IN 1977 EXCEEDED 10 MILLION DOLLARS CEILING, WHICH NO LONGER QUALIFIES ITU FOR REIMBURSEMENT ABOVE 14 PERCENT,

NOTWITHSTANDING VIEW IN REF B THAT THERE ARE SPECIFIC DIFFERENCES BETWEEN ITU AND MOST OTHER EXECUTING AGENCIES WHICH WOULD WARRANT MORE FAVORABLE TREATMENT FOR ITU. SINCE ITU'S UNDP PROGRAM WILL REMAIN ABOVE 10 MILLION DOLLARS ANNUALLY, THE ORGANIZATION SHOULD NOT RPT NOT

EXPECT, IN OUR VIEW, SUPPLEMENTS FOR DEFICITS INCURRED IN 1978 AND FUTURE YEARS, UNLESS UNDP MODIFIES ITS CRITERIA FOR DEFICIT FINANCING OR INCREASES THE CEILING OF 10 MILLION DOLLARS TO DISTINGUISH SMALL FROM LARGE ORGANIZATIONS. IN ANY CASE, UNDP INTERGOVERNMENTAL COMMITTEE ON OVERHEAD COSTS WILL BETWEEN NOW AND JUNE, 1979 REVIEW THIS WHOLE QUESTION, INCLUDING ANY CONSIDERATIONS THAT WOULD PERTAIN IN PARTICULAR TO ITU.

3. DEPRECIATION OF DOLLAR RESULTING IN GREATER DOLLAR REIMBURSEMENT TO ITU FOR OVERHEAD COSTS. WE UNDERSTAND THAT, WITH DEPRECIATION OF DOLLAR AGAINST MOST OTHER HARD CURRENCIES, DOLLAR AMOUNT FOR PROCURING GOODS AND SERVICES WILL INCREASE BEYOND NORMALLY BUDGETED FIGURES, THUS INCREASING SOMEWHAT DOLLAR AMOUNT PAYABLE AT 14 PERCENT TO ITU FOR OVERHEAD COSTS. THIS HIGHER DOLLAR AMOUNT, HOWEVER, MAY BE OFFSET, OR MORE THAN OFFSET, BY DOWNWARD MOVEMENT OF DOLLAR VERSUS SWISS FRANC.

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PAGE 03 STATE 104880

4. PRIOR YEAR WINDFALLS ON SUPPLEMENTS PAID TO ITU BY UNDP IN SWISS FRANCS. IT IS OUR UNDERSTANDING THAT UNDP USES EXCHANGE RATE IN CONVERTING DOLLARS TO FOREIGN CURRENCIES WHICH IS NOT RPT NOT NECESSARILY SAME AS COMMERCIAL EXCHANGE RATE FOR GIVEN PERIOD OF TIME. WE ARE TOLD THAT, WHEN SUPPLEMENTS FOR DEFICITS WERE PAID TO ITU BEFORE 1971 DEVALUATION OF DOLLAR, USE OF UNDP EXCHANGE RATE OFTEN RESULTED IN MORE SWISS FRANCS BEING RECEIVED BY ITU THAN WOULD HAVE BEEN CASE IF COMMERCIAL RATE HAD BEEN USED.

5. UNDP'S CALL UPON EXECUTING AGENCIES TO COVER GREATER PORTION OF TECHNICAL ASSISTANCE COSTS FROM REGULAR BUDGET. WE DOUBT WHETHER UNDP GOVERNING COUNCIL'S INTENTION, IN RESTRICTING OVERHEAD COSTS TO 14 PERCENT, IS TO BURDEN FURTHER REGULAR BUDGETS OF EXECUTING AGENCIES; WE BELIEVE THAT IT IS TO PROMOTE GREATER EFFICIENCY. INTERGOVERNMENTAL COMMITTEE ON OVERHEAD COSTS WILL BE CONSIDERING IN THIS CONNECTION ANY SPECIAL PROBLEMS OF EXECUTING AGENCIES.

6. UNDP FINANCING OF ITU REGIONAL EXPERTS. WE ARE MOST PLEASED TO HAVE CONFIRMATION THAT UNDP WILL FINANCE EIGHT

REGIONAL EXPERTS IN 1978 WITH EXPECTATION THAT SUCH
SUPPORT WILL CONTINUE BEYOND 1978. THIS SHOULD GO FAR IN
OUR VIEW TO MEET CONCERNS OF DEVELOPING COUNTRIES,EXPRESS-
ED AT 1977 ITU ADMINISTRATIVE COUNCIL MEETING. WE WOULD
APPRECIATE KNOWING WHETHER MISSION SHARES THIS VIEW OR
WHETHER TECHNICAL COOPERATION ISSUE HAS OTHER ASPECTS
WHICH COULD MAKE THIS TROUBLESOME ISSUE AT ADMINISTRATIVE

COUNCIL MEETING IN MAY. EVALUATION OF THIS AGENDA ITEM
BEARS ALSO ON QUESTION OF SELECTION OF CHAIRMAN FOR
COMMITTEE 3, TECHNICAL COOPERATION. VANCE

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